

IV. AMENDMENTS TO THE DRAWINGS

- NO AMENDMENTS ARE PROVIDED

V. REMARKS/ARGUMENTS

- STATUS OF CLAIMS

Claims 26 to 39 are pending in the application. Claims 26, 29-34, 39 have been amended.

- CLAIM REJECTIONS

REJECTIONS UNDER 35 U.S.C. §101

- Examiner's Stance

The Examiner rejected claims 26-39 as directed to non-statutory subject matter.

- Applicants's Response

Amendments to the claims overcome the rejections under 35 U.S.C. §101. Support for the amendments can be found throughout the specifications, including the abstract, each of the figures and paragraphs 41-44, 60-64, 68-71, 74-77, 78-83, 93-97. Each of the elements of the claims are tied to a particular system and transform underlying subject matter. Amended claims 26 through 39 comply with applicable requirements.

REJECTIONS UNDER 35 U.S.C. §103

- Examiner's Stance

The Examiner has rejected claims 26-28, and 39 under 35 U.S.C. §103(a) as allegedly being unpatentable over Thomas U.S. Patent Application Publication No. 2004/0236660, of record and Brokershare, of record. Claims 29-34 stand rejected as allegedly being unpatentable over Thomas and Brokershare, applied to claims 26-28, further

in view of Greifeld et al., U.S. Patent Application Publication No. 2002/0198815, of record. Claim 35-38 stand rejected as allegedly being unpatentable over Thomas and what the Examiner cites as obvious and common sense, and which the Examiner asserts is a conclusion further suggested by discussion in paragraph 0037 of Murtaugh, U.S. Patent Application Publication No. 2003/0225666, of record.

• *Applicant's Response*

The Applicant has amended the claims and respectfully traverses the rejections.

APPLICANT'S COMMENTS

Contrary to the Examiner's assertion, the Thomas reference differs from the Applicant's presently claimed invention and is not reasonably pertinent to the particular problem with which the Applicant's present claim 26 is directed. The Examiner has incorrectly determined Thomas to be "analogous prior art" for the purpose of analyzing the obviousness of the subject matter at issue, MPEP 2141.01(a). The presently claimed invention is directed to establishing an electronic data connection between the trader and the executing broker operably configured to intercept data; intercepting the electronic data over the connection, related to trade execution, comprising orders and executions, communicated between the executing broker and the trader; communicating the electronic data to a step-out calculation module within the securities trading system; processing the electronic data through said step-out calculation module that calculates step-out information; segregating step-out payments within the step-out calculation module due to the research broker from payments due to the executing broker; presenting the step-out information to an interface associated with the trader; making the step-out payments automatically to the research broker without providing the research broker information related to trade execution; and notifying a

research broker over an interface that said payment is stepped-out. In contrast, Thomas is directed to "a multiparty transaction system for managing the payment of invoices where approval of multiple parties are involved...in the context of soft dollar payments for vendor services supplied to securities brokers on behalf of the soft dollars of fund managers." [abstract]. The Thomas reference and the presently amended claims are directed to different endeavors. Furthermore, the subject matter relied on by the Examiner is separate and materially distinct. By incorrectly equating the two terms "soft dollar" and "step-out", the Examiner wrongfully overreaches the disclosure of Thomas, asserting it teaches or suggests the particular problem with which the presently amended claim involves. The distinction of Applicant's use of step-outs is supported by the specification:

"To compensate the research broker, the buy side broker "steps out" part of its trade to the research broker. This step-out process is undertaken through the clearing process where some of the shares executed in a trade are allocated to the research broker." [paragraph 004]

and further by the public domain:

"In a typical step-out arrangement, an adviser directs trades to a broker-dealer with the instruction that the broker-dealer execute the transaction and that another broker-dealer provide soft dollar products/services. The broker-dealer that provides the execution of the trade "steps out" of a portion of the commission in favor of the broker-dealer that provides the soft dollar product/service." [see <http://www.sec.gov/news/studies/softdolr.htm>, V.(E)(3), copy in appendix]

Each reference clearly distinguishS that "step-outs" as directed in the presently amended claims cannot be substituted by the Examiner's use of "soft dollars". The disclosure of Thomas, therefore can not be corrected or modified to bring the deficiencies of soft dollar disclosure to speak on step-out arrangements. Applicant's respectfully submit the Thomas reference does not read on the claims and request the rejection be withdrawn.

Moreover the Thomas reference does not teach, or suggest "establishing an electronic data connection between the trader and the executing broker operably configured to intercept data," or that electronic data related to trade execution, comprising orders and executions, between the executing broker and the trader is intercepted, as featured in the presently amended claim. Paragraphs [52-58, 115] of Thomas only disclose data comprising invoices in the form of paper may be collected from a postal lockbox and manually entered; the broker may fax invoices to the Non-Broker Service Intermediary; the NBSI may receive email in the form of unstructured HTML; that OCR methods may be used for reducing data entry work; the vendor may transmit to the NBSI XML documents; electronic forms and standardized invoice templates may be used by a vendor to generate an invoice online and route this invoice to the appropriate broker; an account number selection control may be provided to the vendor; and Trades table holds trading detail for each account. The generation of invoices by vendors for presentation to each party in the manner disclosed by Thomas does not disclose the claim elements as asserted by the examiner.

Contrary to the Examiner's assertion, Thomas lacks disclosure that the interception of trade order and execution data occurs. The invoices and database trade details [0115] of Thomas fail to specifically teach or suggest electronic trade execution data, comprising orders and executions, communicated between the executing broker and the trader and gained as a result of interception of said data by establishing an electronic data connection. Figure 2, and the remaining disclosure of Thomas, does not show that such data is passed from Investment Manager 1 to NBSI 5, and thus fails to teach interception of said trade order data. The "trade activity" of Thomas [0115-0118] does not teach or suggest the interception of data; in fact it teaches away from such activity. Broker data extraction process [0117] is implemented to directly provide NBSI "aggregation of trading activity" for which the NBSI

system is the intended recipient. Moreover, the “aggregation” is irrelevant in determining the, “already outsourced payment activity for soft dollars” [0118] of Thomas. In contrast, the data intercepted in the first portion of the presently amended claim, is used to calculate step-out information, a combination of features not taught by Thomas.

Thomas does not disclose the limitation “processing said electronic data through a step-out calculation module.” Thomas does not teach step-outs, nor specifically a calculation module for such. Thomas, to the contrary discloses:

“...using electronic forms and standardized invoice templates, vendor 3 may electronically generate an invoice online route the invoice to the appropriate broker” [paragraph 0060],

“...the manager is provided a means...to have the NBSI system calculate the remainder amounts to be paid via soft dollars” [paragraph 0220],

“...clicking on the calculate button 2460 will calculate the soft dollar amount” [paragraph 0324]

Thomas clearly does not teach the “step-out calculation module” limitation of the presently amended claims. The disclosure of calculating the remainder amounts to be paid via soft dollars is vague and indefinite at best for the same reasons stated previously. In the context of Thomas these remainders refer to amounts from “mixed invoices”, such that some portion of the invoice is “ineligible” for soft dollar arrangements [0082-0083].

With respect to the claimed features of “segregating step-out payments within said step-out calculation module due to the research broker from payments due to said executing broker,” the Applicant asserts for the same reasons set forth above, the Thomas reference does not teach or suggest this feature. Thomas does not teach or suggest step-outs and discloses only that a remainder from soft dollar mixed-use invoices are calculated. There are

no obvious features of Figure 2 in Thomas disclosing segregation of research broker step-out payments from executing broker payments. The Applicant, therefore, respectfully request clarification of the features of Figure 2 that the Examiner asserts discloses the instant element. Furthermore, the Examiner cites seventeen consecutive paragraphs, asserting these paragraphs read on the limitations within the present claim element. The Applicant respectfully request clarification to specifically indicate where in the multiple paragraphs the limitations of the claim element reside. The disclosure:

“..the broker, despite third-party execution by the NBSI or banking affiliate(s) may ultimately control such payments” [paragraph 0074]

of Thomas does not lend any support to the assertion that Thomas teaches or suggests segregating “step-outs”.

Furthermore, Thomas does not teach or suggest “presenting said step-out information to an interface associated with said trader.” Paragraph 0063, as cited by the Examiner discloses “...arrows 15 and 30 represent[ing] invoices that are presented to the relevant broker 2, manager 1 and vendor 3 both as entered data as well as scanned representation...” which does not teach the step-out features of the claim element. Further, paragraph 0225 only indicates “...the broker can see all their invoices in the system...that these invoices are universally visible at all logons at this broker...” Disclosure of step-outs is absent.

With respect to the making step-out payments automatically, the disclosures at 0074, 0081, and 0231 fail to indicate the payments are automatic. At paragraph 0074, Thomas discloses “NBSI or banking affiliate(s) may ultimately control such payments”. This is not indicative of an automatic process, nor are step-outs disclosed. Additionally, there is no aiding disclosure in, “NBSI works with vendor to insure that payment is made in vendor-preferred forma...t” [0081], and “NBSI, working with a banking affiliate, generates the wire

or check to the vendor from the broker's banking account--payment type according to vendor preference..." [0231], to teach or suggest the automatic step-out payment to research brokers. Thomas, in fact, admits the invoice processing method is not entirely automatic: "The designated controller at each broker sets the payment date and amount in the NBSI system" and "the NBSI may work with vendors to seek the most automated...payment methodology" [0231]. Thomas does not, therefore, teach or suggest making said payments automatically to said research broker, as found in the instant claim element.

The Applicants respectfully traverse the Examiner's assertion that it would have been obvious to one of ordinary skill in the art at the time of the invention to modify the accounting and payment system of Thomas by combining it with the anonymity teaching of Brokershare. The Examiner asserts it is old and well-known to conduct anonymous trading and thus it would have been obvious to obfuscate trade information underlying the step-out to avoid information leakage to research brokers. Neither Thomas nor Brokershare disclose step-out methods as directed in the presently amended claims and Brokershare does not teach anonymity with respect to the claims at issue but rather a hybrid intervening "commission sharing program" [paragraph 01] for trading where "positions or trading strategies" [paragraph 07] are withheld without using step-out arrangements [paragraph 02]. For these reasons alone, it would not be obvious to one skilled in the art to combine the two. Alone, the Brokershare system's lack of a stepout solution would dissuade one of ordinary skill in the art to combine with Thomas. The Thomas system, itself failing to disclose the limitations previously stated does not lend itself to be pertinent and would also dissuade one from combining.

Brokershare fails to suggest or teach automatic features as directed in the presently amended claim element. The examiner wrongly dissects the features of the claim element,

separating the payment portion from the withholding portion by associating the automated feature with only the payment. In doing so, the Examiner inappropriately narrows the Applicant's claim.

Furthermore, the "position" and "trading strategy" found in Brokershare and relied on by the Examiner, do no read on the distinct limitations in the claim. Specifically, "position" as defined in the art defines the quantity of a security held by either ownership or loan, and "trading strategy" defines a general set of principles used to operate for the benefit of higher returns on investment. Neither term equates in whole or in part to information related to trade execution. Providing a means such as disclosed by Brokershare to direct/allocate commission dollars, not step-outs, is wholly different. Because Brokershare does not disclose any method or system of facilitating step-outs and in fact claims to provide services without the "burden of step-out arrangements," one of ordinary skill would not find Brokershare to be of value. The disclaimer of step-out arrangements by Brokershare lend credence to an non-obvious argument contrary to the Examiner's assertion. Brokershare avoids the method altogether. There is clearly a lack of motivation to combine the disparate activities of the two references, at least in part because they fail to disclose step-out arrangements.

For at least the reasons set forth above, the Applicant believes the present independent claim is allowable and respectfully request the rejection be withdrawn. Because the dependent claims 27-38 depend on an allowable independent claim 26, the dependent claims are allowable. The applicant respectfully request the rejection of dependent claims 27-38 be withdrawn.

With respect to claim 39, and at least for the same reasons set forth above, Thomas clearly does not disclose the limitations of the claim elements as alleged by the Examiner:

determining the commission payments due over a set period of time from data intercepted over an electronic data connection;

determining the number of step-out payments due on said commission payments within a step-out calculation module;

determining the details of each step-out payment due on said commission payments within said step-out calculation module;

determining the commission payment due to an executing broker less the step-outs due to research brokers;

Thomas does not disclose the distinct limitations “intercepting data over an electronic data connection,” “determining the number of step-out payments...within a step-out calculation module,” “determining the details of each step-out payment due,” “determining the commission payment due to an executing broker less the step-outs”. To the contrary, Thomas discloses at paragraph 0327:

“Referring now to FIG. 29, the contract list view 2600 is navigated to by first choosing the manage contracts button 2050 and then choosing which counterparty’s contracts to view. Further narrowing of the list view is possible by choosing a list view for only a particular vendor, service or other criteria. The list view will preferably have textual columns 2610 such as the name of the commitment, service name, vendor name, counterparty name, etc. Additional columns will preferably display dates 2620 such as the start date and end date. The status of the contract 2630 is another column available to the list view. With online contract creation, unapproved contracts will pertain to contracts not yet ratified by the appropriate parties.”

Determination of any step-out information calculated from intercepted trade order and execution data with respect to the instant claim elements is absent. Furthermore, the additional citations [0060, 0065, 0133, 0195, 0211, 0212, 0218, 0221, 0233, 0255, 0294, 0295, 0307, 0319, 0335, and claim 3] alleging various automatic features of Thomas do not

disclose the elements as asserted. The broker, counter to the automatic payment features of the present claim, provides a suggested payment date within the NBSI system [0064]. There is no indication this date is generated automatically and thus servers as counter example to the assertion of automatic payment.

Thomas does not teach, suggest or disclose "notifying the executing broker via an interface of the availability of said commission payments over set period of time payable to said executing broker." The references as cited are entirely contrary. [0106 and 0112] disclose activity performed by NBSI may be available to the manager and the embodiment illustrated by Figure 3 discloses the "broker reporting to clients", i.e. managers, (see heading on 85 of Figure 3).

The Examiner asserts the limitation of "notifying said research broker of said step-out payments over set period of time payable to said research broker" is disclosed in Thomas at least at [0237]. The disclosure is lacking the asserted features, stating "Vendors can see directly in the system for which account a particular payment is...and see the status of all invoices in question." No suggesting is made of step-outs, or that the vendor is notified of payments over a period of time.

The Applicant asserts for the reasons set forth above the limitations of the present claim are not taught or suggested by Thomas nor can the deficiencies of Thomas be modified or combined with Brokershare to make obvious the presently amended claim. Applicant, therefore, respectfully requests the rejection be withdrawn.

Applicant further asserts that no new material has been added.

CONCLUSION TO REMARKS

Applicant asserts that this response is fully responsive to the Examiner's Office Action dated October 15, 2008. In view of the above, it is respectfully submitted that the subject matter of the pending claims is patentable over the references cited. Applicant respectfully seeks early allowance of the pending claims.

Respectfully Submitted,

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